



PRIVATE PLACEMENT MEMORANDUM

# BAR WORKS INC.



## WORK SPACE WITH A TWIST

PRIVATE EQUITY PLACING AND CONVERTIBLE LOAN NOTE OFFER



# BUSINESS CONCEPT AND STRATEGY

**Bar Works Inc. has been formed to exploit two specific factors, both of which the founders regard as significant and complimentary assets – the recurring availability of former restaurant/bar businesses in central city locations (often with substantial upper floor space), and the very real demand for affordable, flexible and vibrant work space In Central Manhattan, San Francisco Chicago, Boston, London and other locations.**

Demand from entrepreneurs, freelancers and travelling employees from all across America and elsewhere has seen central New York City's temporary/flexible offices and work space become one of the leading sub-sectors in commercial real estate across NYC. And similar trends are apparent in other major cities in western economies.

Colliers International – a leading US real estate analyst – noted in its recent report on commercial property trends in Manhattan for the first half of 2015 that:

"Leases from executive suites/co-working companies... were among the largest leases in all three submarkets during the quarter. Indeed, WeWork alone now occupies 1.92 million square feet as one of

Manhattan's largest private sector leaseholders and a significant driver of tenant demand."

WeWork is one of many work space providers across Manhattan, yet demand from would-be users of flexible working areas continues to outstrip supply, particularly in the Grand Central/Central Park districts of Midtown, an area that is rapidly becoming an annex to Wall Street as many financial firms are now headquartered there (e.g., Bank of China, PwC, Bloomberg).

Booking temporary or flexible office/ work space anywhere in Manhattan is now extremely difficult – most space being booked by not less than 1-2 months in advance – and costly, incurring basic rents of not less than US\$600 per unit a month plus services. Other boroughs of New York are similarly under-supplied, as are key areas of other major cities in the US and elsewhere.

To take advantage of this growing trend toward 'hot work space', Bar Works Inc. intends to adapt former bar and restaurant premises (with the necessary catering and drinks licenses) firstly in key Midtown, Downtown and other districts of New York – thus retaining the 'walk-in' attraction and accessibility of the

traditional city bar alongside well-designed work spaces and meeting rooms with all tech and telecoms services. Bar Works will offer 'full service membership' for a fixed fee with no hidden extras, and to include discounted drinks and food.

Founders of Bar Works Inc. believe the combination of ease of access and true flexibility (allowing members to work and hold formal and informal meetings in one place) will prove an attractive option for the rising numbers of people needing to access affordable space in central locations, and will allow the Company to form a unique brand that can be replicated in other major cities – such as Chicago, Boston, San Francisco and London. In fact, the directors – who have a broad range of experience across customer-facing and start-up businesses and been customers themselves of the serviced office sector – believe the Bar Works model can be replicated in many regions of the world.

Full details of the Bar Works concept and structure, and the premises already acquired in Midtown Manhattan, are given in this document, which also provides full financial details for potential members and projected financials for the Company.

# INVESTORS – THE OFFER AND EXIT STRATEGY

Bar Works Inc. now offers investors 20% of its equity to raise US\$1.5 million (£960,000) via a mix of ordinary shares and/or convertible loan note; the latter will bear a coupon of 9% annually, payable quarterly.

The ordinary shares are priced at US\$0.75c (£0.48p), and the loan note option at US\$1 (£0.64p), and places a pre-sale valuation on the Company of US\$7.5 million (£4.8 million). The amount of ordinary shares issued in this placing will vary according to demand for the convertible loan note option, but the total raised and equity available to investors will not exceed US\$1.5 million and 20%.

Conversion of the loan note will be available at the request of the investor at any time after the first anniversary of purchase at par. Directors may automatically redeem the loan note at any time, but at a value of not less than US\$1.25c. At maturity, the loan note will automatically convert into ordinary shares unless the investor requests redemption, which will occur at a price of not less than US\$1.25c.

The issue is being administered by In Crowd Equity Inc., the equity crowd funding platform headquartered in New York. Bar Works launched its first site in October 2015, with a second site acquired in Times Square which is due to open in January 2015. The first Bar Works on 39th ST is already profitable and is benefiting from the extensive marketing and the lack of supply in the Manhattan area.

In Crowd Equity is also working in association with Bar Works, in that the former will offer priority access to entrepreneurs who are members of Bar Works to help fund suitable business opportunities. In Crowd will also supply Bar Works' members with free copies of its tech quarterly – 'The Search' – which aims to highlight and explain the latest new technology trends and developments in a jargon-free way.

Bar Works received an investment of \$500,000 at 75 cents a share from a US based Tech Startup fund located in Silicon Valley.

Directors of Bar Works Inc. intend to facilitate a trade sale or IPO of the Company within three years, with a target exit value for investors of not less than US\$50 million (£32 million), by which time the Directors anticipate the Company to be operating not less than 15 individual sites in major international cities, and on leases of not less than 15 years.

Please note:  
US\$/£ conversion rate of US\$1.56c to the pound is in use in this document.

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# LETTER FROM THE DIRECTORS

DEAR INVESTOR,

Founders of Bar Works Inc. believe they have identified a valuable niche in the flexible work space market – one that promises to satisfy the very real and growing demand for easily accessible short and long-term 'hot work space' in central city locations.

The emphasis is on 'work' and providing members with all the necessary tools to conduct business and fulfill working needs in a vibrant environment – wi-fi, phones, fax, printing and copying in quiet and separate units and in more social areas, plus offering private meeting rooms and all event and catering facilities.

And Bar Works' sites are accessible to all, with membership restricted only by the spaces available, although a few work units are reserved for 'ad hoc' on the day rentals.

By utilizing former bar and restaurant premises, Bar Works are the first real 'walk in' work space units in town, and are also highly competitive in terms of price and levels of service. The first Bar Works opened on 39th ST in Midtown Manhattan in October 2015 with a second due to open in January 2016 in New York's Times Square.

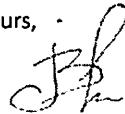
As entrepreneurs and owners/managers of a variety of customer-facing businesses (including bars and restaurants) we know what so many work space units lack – that vibrant and sustained 'buzz' that provokes ideas and creative thinking. And, with over 20 years' worth of using serviced office and work units in major cities around the world, we also know how monthly 'service bills' often come as an unwelcome surprise!

Bar Works has received an investment of \$500,000 at 75 cents a share from a US based Tech Startup fund located in Silicon Valley.

The potential to develop other bar/restaurant sites is significant, and makes us confident that we can have at least 15 separate Bar Works Inc. properties within three years and create a significant brand with outlets in several major cities in the US and Europe in short order.

We hope you choose to join us – if only for a drink when our first venue opens its doors!!

Yours,



**Jonathan Black**  
Chief Executive, Bar Works Inc.

# KEY PARTIES

**Company Name:** Bar Works, Inc  
47W 39th Street  
New York  
10018  
USA  
**Website of the Company:** [www.barworks.nyc](http://www.barworks.nyc)

**Sponsor/Administrator to the Issue:** In Crowd Equity Inc.  
13E 37th Street  
New York  
10016  
USA

**Attorney to In Crowd Equity:** Thompson Bukher LLP  
369 Lexington Avenue  
New York  
10017  
USA

**Bankers:** JP Morgan Chase  
Columbus Circle  
New York City  
New York  
USA

**Auditor to the Company:** ProTax Center  
1312 Kings Highway  
New York  
11229  
USA



# INTRODUCTION AND OUTLINE OF THE SERVICE

Founders of Bar Works Inc. believe they have identified two key flaws in the current inner city work space model – accessibility and price.

None of the current work space operators offer an easy access facility, their premises usually requiring pre-booking. In major city centers, and particularly in New York, facilities are almost always booked up for at least a month or more in advance.

Costs of using space with all operators are also not limited to a monthly rent. Phone, internet and other services are generally extra costs, and can raise the monthly bill by as much as 50% or more.

In addition, competing work space locations do not have full catering and alcohol licenses, so that their users are forced to eat and entertain elsewhere. The Bar Works model means that members can use the premises for all their business-related needs, and network much more effectively in comfort and in contact with their data and resources.

Bar Works expects their work spaces to have a unique vibrancy, based on people rather than simply on architecture or décor. As the founders express it on the Bar Works website::

*"An energizing environment is rare to find in a co-working space. A trendy building or beautiful architecture doesn't make the atmosphere. The people do. The best way to encourage that energy is through our bar environment. You will get a real opportunity to network with your fellow entrepreneurs. Many of the good ideas are generated in such surroundings and this atmosphere is present 24/7."*

Services available for each monthly membership payment will include the following:

- Free internet
- Free photocopying
- Free meeting room use (subject to pre-booking and availability)
- Free networking
- No notice period
- No deposit
- Free coffee
- Heavily discounted alcoholic drinks (beer and wine licenses)
- Free subscription to The Search
- Free technical support
- Free fax

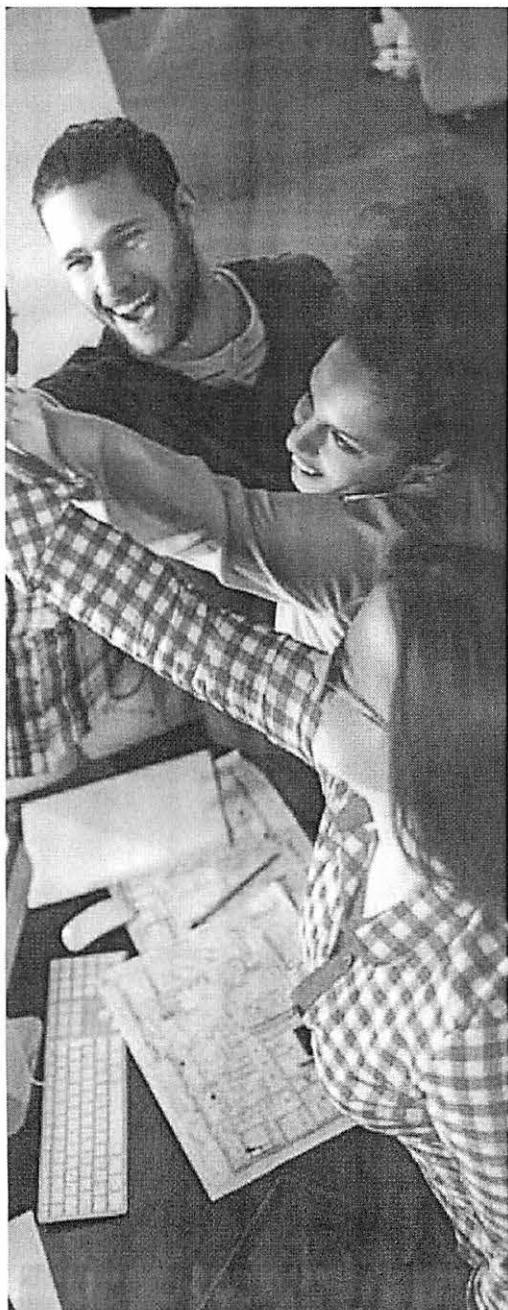
Bar Works offers a Limited Membership or Full Membership and Virtual Office options. For example, at the West 39th Street facility there is capacity for approximately 200 members, with 50 permanent work spaces (usually for full members), 150 flexible spaces (for part-time and temporary members) and 50 additional spaces for virtual office/ad hoc/per day usage.

The Bar Works in Times Square occupies three floors totalling around 4,500 sq feet with a capacity for 300 members.



## BACKGROUND – CHANGING WORK PATTERNS

Last year the US Bureau of Labor Statistics said that by 2020 some “65 million Americans will be freelancers, temps, independent contractors and solopreneurs, making up about 40% of the workforce”. Similar trends can be seen in other developed and developing economies, and this suggests that demand for work spaces will continue to rise in the coming years around the world.



In addition, the latest issue of the Harvard Business Review (HBR) reports that large corporates are also now encouraging their employees to use remote co-working spaces because of the benefits all companies and workers can derive from the model.

HBR says, **“There seems to be something special about co-working spaces. As researchers who have, for years, studied how employees thrive, we were surprised to discover that people who belong to them report levels of thriving that approach an average of 6 on a 7-point scale. This is at least a point higher than the average for employees who do their jobs in regular offices, and something so unheard of that we had to look at the data again.**

**It checked out. So we were curious: What makes co-working spaces – defined as membership-based workspaces where diverse groups of freelancers, remote workers, and other independent professionals work together in a shared, communal setting – so effective? And are there lessons for more traditional offices?”**

HBR cites several examples of how employees of large corporates are using the co-working model, including using actual remote work spaces. (<https://hbr.org/2015/05/why-people-thrive-in-coworking-spaces>). And the journal concludes that co-working spaces enhance success for three main reasons: people who use co-working spaces see their work as meaningful; they have more job control; they feel part of a community.

Thus, the work space model is now also serving a growing number of major corporates as they realize the benefits it brings in terms of worker wellbeing and productivity. And whilst many big corporations may decide to refit their own offices to copy the model, they also seem to be active in co-working memberships for their staff.

The work-life balance appears to be shifting for employees as well as the self-employed.

# MARKET FOR TEMPORARY WORK SPACE – THE ‘HOT WORK SPACE’

Whilst the changes in how and where people work are behind the huge success of companies such as Regus and WeWork, it looks likely that there will be many more such success stories from every continent in the years ahead. (Market leader WeWork raked in revenues of US\$150 million (£96 million) in 2014, and is taking its US model to Europe and the Middle East.)

Globally, the co-working business is in a major uptrend. According to industry tracker Deskmag.com, flexible working spaces around the world grew five times during 2010-13. That's just three years.

In its most recent published report (2014), Deskmag.com also said that:

**“Seven out of ten co-working facilitators report that the availability of desk space in co-working spaces can't keep up with the public's demand in general. The current need for co-working spaces outweighs the availability of vacant spots. Taken as a whole, the co-working economy has paralleled this posi-**

**tive outlook, with more than one in two co-working spaces planning to expand in this year alone. Success stories with this kind of market value are few and far between. Compared to co-working, many other industries see less growth on average.”**

In India, for example, the India Times reported this summer that, “With the blossoming of India's startup ecosystem, entrepreneurs are not the only ones making big business - so are the people running the spaces they work out of. Co-working spaces, which are growing in demand by the day, are proving to be a profitable and even scalable venture.”

Deskmag.com has also highlighted another trend within the industry, and reported that “more co-working members are switching workspaces” -

**“When we last took our survey, 80% of co-working professionals were still at their first co-working space; this time around, that number dropped to just under 70%. More people were also likely to return to**

**their first co-working spaces. There was one exception, however, which significantly increased the frequency of co-working traffic from one space to another. Whereas in the past, co-workers normally remained loyal to their first ever co-working space (even to those with poor ratings), future estimates show that the probability that people will stay put in unsatisfactory work spaces will be much lower.”**

Thus, an element of competition is entering the work space provision market, and end users are becoming more selective about the facilities and support they want – and they may well be becoming more cost-conscious at the same time.

For work space operators this may mean a more varied and differentiated offering is needed, even though a key factor for operators is that they keep property and renovation costs under control. This is more easily done in countries where property can be leased on long-term contracts and there is good competition in the refit and renovation market.



# BUSINESS MODEL: BAR WORKS INC.

To provide both a differentiated offering in the work space market, and to keep set-up costs down, Bar Works Inc. has focused on acquiring long-term leases to premises which already have full restaurant and bar licenses as well as under-utilized space.

In addition, in what is anticipated to become an increasingly competitive market, Bar Works Inc. offers its customers an all-inclusive, no deposit fee structure. This aspect of the Company's model is inspired by the long-term experience of its founders, who between them have more than 20 years' experience of using flexible work space in leading cities around the world.

"Too many work space providers hit users with extra charges each month – for phones, internet charges etc. – and that can be both annoying and damaging to entrepreneurial people. If you are starting a new venture, or working on a fixed price contract, the last thing you need is a big surprise at the end of the month. And some of the surprises can be really big, pushing total space costs up by more than 50% in our experience.

It is time for the work space industry to be more transparent in what it offers and what it charges, and we believe the fixed cost, no deposit model is one that we can make work, and which will have real appeal amongst freelancers, contract workers and others wanting work space in city centers", says Bar Works Inc.'s Chief Executive, Jonathan Black.

Features of the Bar Works model include:

- 1) No deposit and members can leave at any time after the completed month paid for in advance, so no notice period either.
- 2) Networking. 'Happy Hour' is the best time to meet other co-workers, and Bar Works' venues have a 'Happy Hour' Monday to Friday from 6pm-8pm.
- 3) Events. Bar Works hosts a busy schedule of events with guest speakers each month.

On the costs side, Bar Works Inc. focuses on sites where long leases are available – a minimum of 10 years – and with pre-set rent review clauses, so that the Company knows exactly what its biggest single outgo will be in the years ahead. Design and refurbishment are also done on fixed price contracts to avoid large budget overspends.

Staff costs are expected to be lower (as a percentage of costs) compared to other work space providers due to the staff having multiple functions

The Company's plans for expansion include at least six further sites in New York City, to ensure a recognizable brand within the city, as well as a spread of convenient locations for members. Directors of Bar Works are already researching available and suitable sites in San Francisco, Boston, Chicago and London, with the aim of taking

the total number of Bar Works' properties to not less than 15 in the next three years. The Directors and their real estate advisers believe the potential for growth in the Bar Works' portfolio to be substantially higher.

Once the Company achieves a critical mass in key cities, there is the potential for Bar Works' members to opt for a 'Global Membership' package that could give them guaranteed work space wherever they happen to be doing business. This would be a premium service for a limited number of members, and has yet to be fully formulated by the Directors of the Company and is one of several ideas for enhancing future revenues.

# FINANCIAL PROJECTIONS FOR THE COMPANY

The following figures are based on the two sites. The figures reflect minimal catering and bar profits, as these services initially will be run at relatively low margins. Over the long-term, a proportion of bar profits are expected to be used to incentivize customer facing staff within each property.

All other operating costs are estimated at current price levels within the District of Manhattan.

	Midtown	Downtown	Charges per month
<b>Members</b>	200	400	
<b>Full</b>	60	100	\$550 = \$33,000/\$55,000
<b>Flexible</b>	100	200	\$400 = \$40,000/\$80,000
<b>Limited</b>	20	75	\$250 = \$5,000/\$18,750
<b>Virtual</b>	20	25	\$50 = \$1,000/\$1,250
 <b>Monthly Membership Revenue per site:</b>	 \$79,000	 \$155,000	
<b>Liquor Net Revenue</b>	<b>\$15,000</b>	<b>\$30,000</b>	
 <b>Total Revenue</b>	 <b>\$94,000</b>	 <b>\$185,000</b>	
 <b>Staff</b>	 5,000	 8,000	
<b>Rent</b>	<b>10,000</b>	<b>25,000</b>	
<b>Tax</b>	<b>2,500</b>	<b>7,000</b>	
<b>Miscellaneous</b>	<b>1,500</b>	<b>3,000</b>	
<b>Phones</b>	<b>500</b>	<b>1,000</b>	
<b>Light and heat</b>	<b>1,000</b>	<b>3,000</b>	
<b>IT</b>	<b>1,000</b>	<b>3,000</b>	
 <b>Total Overhead</b>	 <b>\$21,500</b>	 <b>\$50,000</b>	

Cost of Sales are put at \$90,000 per year at Midtown and \$180,000 at the Times Square property, and the following table gives the estimated net profit to the Company:

	Property 1		Property 2	
	Per Month	Per Year	Per Month	Per Year
Sales	\$94,000	\$1,128,000	\$185,000	\$2,220,000
Cost of Sales	\$7,500	\$90,000	\$15,000	\$180,000
Overheads	\$21,500	\$258,000	\$50,000	\$600,000
Net Profit	\$65,000	\$780,000	\$120,000	\$1,440,000

These give a cumulative net profit to the Company of US\$2.22 million in the first full year of operation just from the two sites. The figures suggest an average net profit per member to the Company of US\$3,700 a year. Taking that average, each additional site capable of providing work space for 300 members would add another US\$1.11 million to net corporate profits, before corporation tax and head office and corporate staff costs.

#### Earnings Multiple

The company is being valued at 4 times 2016 pre-tax profits or 5.8 post tax profit based on a post money valuation of \$9m. Considering the growth potential of this company this is a significant discount to similar operators in this market place. The company doesn't expect to raise additional funds from its investors to fund its initial expansion plans as the cash flow and the current round of funding should be sufficient to grow the business to 15 sites.



# SUMMARY

Bar Works Inc. aims to create a more vibrant, accessible and usable work space environment for a variety of user needs – the freelancer, contract worker, entrepreneur and travelling executive. At the same time, the Company will exploit niche venues with full bar and catering licenses in selected and 'hot' districts of cities in the US and elsewhere.

The Bar Works model offers customers a clear and inclusive fee structure – with no hidden extras. The Directors believe this to be another key differentiator of their business model, since established work space providers place additional monthly charges on their customers even for the very basic services of telephones and internet access.

Bar Works has received a commitment to invest \$500,000 at 75 cents a share from a US based Tech Startup fund located in Silicon Valley.

In this Private Placing Memorandum investors have the opportunity to invest on the following terms:

1) To subscribe for up to two million shares in the Company at a price of US\$0.75c per share by way of either ordinary shares or convertible loan note, or a mix of both.

2) Convertible loan note offer includes a 9% coupon and 25% uplift in value at redemption.

3) Minimum investment of US\$5,000 (£3,200).

4) Gross proceeds from the fundraising will be US\$1.5 million, and will be used to fund refurbishment and fitting out costs at the two Manhattan venues already under lease, and to fund the acquisition of further sites in New York City and business districts of other leading US and overseas cities.

5) The issue price puts a valuation of US\$7.5 million on the Company.

6) First full year net profits to the Company estimated at US\$2.22 million, before corporation tax and head office costs which is 5.8 times 2016 post tax earnings.

7) The directors are forgoing any salary and are incentivized by the potential growth in their stock value which should ensure overheads are kept to a bare minimum.

8) One site already operational in Midtown Manhattan with a further site opening in Manhattan's Times Square in January 2016.

9) Participation in one of the fastest growing commercial property sub-sectors in the US and overseas.

10) Directors target a trade sale or IPO within three years.

11) Revenue projection for the group expected to average US\$3,700 per member per year across all locations before inflation.

12) A flexible offer for investors, whether seeking income or capital growth.



# COMPANY INFORMATION

## DIRECTORS OF BAR WORKS INC. ARE:

### **JONATHAN BLACK - CHIEF EXECUTIVE**

Jonathan has a background in finance and startup ventures. He was a finance director/financial controller of two chains of bars in the UK (Regent Inns Plc - market value \$400m). He has also set up a number of startup ventures including recently Car Share which is a car sharing APP.

Jonathan saw the potential of shared work space and has fine tuned the model to overcome the deficiencies in the current offerings which he encountered when renting serviced office space. His focus is on building a marketable brand and ensuring above all that the first two sites are successful before rolling out the brand.

### **ZOE MILLER - OPERATIONS EXECUTIVE**

Zoe has a background in retail and is an accomplished entrepreneur in the retail and web design space having launched a number of successful web based companies.

Zoe is responsible for the day to day operations of each unit ensuring members receive top quality service and that membership of each unit is optimized.

### **ROBERT MUNDEN - CHIEF FINANCE OFFICER**

An experienced finance executive. He is a qualified accountant (ACA) and runs his own practice. He will oversea the finance function of the business and ensure that the company stays within the constraints of its available resources and that the new units are built within budget.

## 1. USE OF PROCEEDS

Bar Works Inc. is seeking to raise US\$1.5m. The principal Use of Funds (after expenses) will be to finance expansion of its leasehold property portfolio and refurbishment and refit works. A proportion of the funds raised will also be used for promotional and marketing activities on behalf of the Company.

**1.1** The Company invites applications for subscription for up to 2,000,000 Ordinary Shares ("Placing Shares") at a price of 75 cents per share (the "Placing").

**1.2** Alternatively, investors can apply for units of a 5-year convertible loan stock priced at US\$1 per unit (the "Units") and which bear an annual coupon of 9% and which will be issued as an alternative to ordinary stock so that the maximum issue of 2,000,000 underlying shares will not be exceeded in this placing. Income payments on the Units will be made quarterly, and the Units can be redeemed at par at any time after the first anniversary of issue and before the automatic redemption or conversion to ordinary share on the fifth anniversary of issue. Automatic redemption will take place at a fixed price of US\$1.25c per Unit. Automatic redemption or conversion is at the discretion of the Directors.

**1.3** This Private Purchase Memorandum contains the formal terms and conditions of the Placing of both the Placing Shares and Units.

## 2. APPLICATIONS

**2.1** Applications may be made for the Placing Shares and/or Units only by means of the application form appearing at the end of this document (the "Application Form").

**2.2** Investors wishing to apply to purchase Shares and/or Units should complete and sign the Application Form in accordance with the instructions thereon. They should send or deliver it in the enclosed envelope, together with a remittance for the full amount payable to the company so as to arrive as soon as possible.

**2.3** Applications will be treated on a first come, first served basis, provided that the Company may elect instead to scale down applications pro-rata from the amount applied for.

**2.4** Applications, once made, will be irrevocable.

**2.5** The Company reserves the right (but shall not be obliged):

**2.5.1** to accept or refuse applications to subscribe for Placing Shares or Units at any time during the period when the Placing remains open and to present Investors' cheques for payment;

**2.5.2** to close the Placing at any time.

**2.6** If an Application Form is sent by post, Investors are recommended to allow at least four working days for delivery.

**2.7** Monies will be returned to unsuccessful applicants at the applicant's risk without interest.

**2.8** The Application Form is not a document of title and it may not be sold, assigned or transferred.

**2.9** The instructions and other terms set out in the Application Form constitute part of the Placing.

## 3. MONEY LAUNDERING REGULATIONS

**3.1** For the verification of identity requirements and to ensure compliance with the Money Laundering Regulations 2007, the Company is entitled to require, at its absolute discretion, verification of identity from any applicant for any Shares or Units including, without limitation, any applicant who either:

(i) tenders payment by way of an electronic payment drawn on an account in the name of a person or persons other than the applicant or

(ii) appears to the Company to be acting on behalf of some other person. Pending the provision of evidence satisfactory to the Company as to the identity of the applicant and/or any person on whose behalf the applicant appears to be acting, the Company may, in its absolute discretion, retain an Application Form lodged by an applicant and/or the remittance relating thereto.

**3.2** If an Investor delivers an Application Form personally, he should ensure that he has with him photographic evidence of his identity, for example a passport or driving licence containing a photograph along with a utility bill for example, electricity, gas or water not older than three months (mobile phone bills are not acceptable).

**3.3** By lodging an Application Form, an Investor undertakes to provide such evidence of identity at that time or, at the absolute discretion of the Company, at such specified time

thereafter as may be requested, to ensure compliance with the Money Laundering Regulations 2007.

3.4 The Company is entitled, in their absolute discretion, to determine whether the verification of identity requirements applies to any Investor and whether such requirements have been satisfied.

3.5 The Company shall not be responsible or liable to any person(s) for any loss or damage suffered as a result of the exercise of their discretion hereunder.

## 4. GENERAL

4.1 The rights and remedies of the Company under this Information Memorandum are in addition to any rights and remedies which would otherwise be available to the Company under the law. The exercise or partial exercise of any one right will not prevent full exercise or exercise of its other rights.

4.2 The Company has taken reasonable care to ensure that the information contained in this Information Memorandum is correct and accurate. Without prejudice to the generality of the foregoing, and to the fullest extent permissible under the law, any liability of the Company arising out of or in connection with the sale of the Placing Shares and Units shall be limited to the subscription price actually paid for the Placing Shares and/or Units.

4.3 Investors authorise the Company to arrange to send a share certificate for the number of Placing Shares or Loan Stock Units for which their Application Form is accepted and/or a cheque for any money returnable and other Information Memorandums and remittances by post to Investors at the address or,

in the case of joint Investors, the address of the first named person stated in their Application Form.

## 5. DETAILS OF THE PLACING

5.4 The dates and times referred to in this Information Memorandum may be altered in the absolute discretion of the Company.

5.5 Investors irrevocably agree:

5.5.1 that all applications and acceptances of Application Forms and contracts resulting from them under the Placing shall be governed by and construed in accordance with US laws.

5.5.2 that, for the exclusive benefit of the Company, any suit or proceedings arising out of or in connection with the Placing shall be submitted to the jurisdiction of the Courts of the US; and

5.5.3 that nothing shall limit the right of the Company to bring any such suit or proceedings in any other manner permitted by law or in any court of competent jurisdiction.

## 6. TERMS AND CONDITIONS OF THE OFFER

6.1 The basis of the allotment of Placing Shares and Loan Stock Units will be determined by the Directors of the Company in their absolute discretion. The right is reserved to reject any application or to accept any application. If any application is not accepted, the amount paid on application will be returned without interest, in each case by cheque sent through the post at the applicant's risk.

6.2 By completing and delivering an Application Form, the applicant and (if the applicant signs the Application Form on behalf of somebody else or on behalf of a corporation), that person or corporation:

(a) confirms that once funds are tendered, the person or corporation irrevocably offers to take under the Placing the number of Placing Shares or Units specified in the Application Form, on the terms of, and subject to, the conditions set out in this Document, including these terms and conditions and subject to the Memorandum and Articles of Association of the Company;

(b) agrees that they will accept the number of Placing Shares or Units allotted to them in accordance with paragraph(a) above or such lesser number of Placing Shares or Units in respect of which this application may be accepted;

(c) warrants that, if they sign the Application Form on behalf of somebody else or on behalf of a corporation, he or she has the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmation, warranties and undertakings contained in these terms and conditions of application;

(d) confirm that they are not relying on any information or representations other than those contained in this Document;

(e) warrants that the remittance accompanying their Application Form will be honoured on first presentation and agrees that if it is not honoured the Company may (without prejudice to any other rights it may have) void the agreement to allot the relevant Placing Shares and may allot them to some other person in which case they will not be entitled to any refund or payment in respect thereof;

(f) declares that they have read, understood and agreed to the terms and conditions contained in this Document and the Application Form including the of this Document, that they have taken all the appropriate professional advice, which they consider necessary before submitting

their application and are aware of the special risks involved in participating in an investment of this nature and they understand that the application is made upon the terms of this Document and the Application Form;

(g) warrants that the Placing Shares and or Units are acquired solely for their own account and beneficial interest for investment and not for sale or with a view to distribution.

(h) acknowledge they have received all the information it has requested from Bar Works they consider necessary or appropriate for deciding whether to acquire the Pacing Shares or Units.

This information is derived from, and should be read in conjunction with, the full text of this document. In particular, your attention is drawn to the Disclaimer set out in the document.



# RISK FACTORS

Investors should be aware of the risks associated with an investment in the Company.

The Company believes an investment in the Company via this Private Placement Memorandum will provide the necessary capital to ensure that the Company is sufficiently capitalised to deliver its longer term operational plans and achieve its medium term financial projections.

The Company considers the following risks to be the most significant for potential investors.

The risks listed below do not necessarily comprise all those associated with the Company.

The attention of prospective investors is drawn to the fact that ownership of shares in the Company will involve a variety of risks which, if they occur, may have a materially adverse effect on the Company's business or financial condition, results or future operations. In such case, the value or market price of the Ordinary Shares and Loan Stock Units could decline and an investor might lose all or part of his/her investment. Shares in the Company are presently unquoted securities and may be considered to have more risk than quoted securities and shares. Investors may have difficulty selling this investment at a reasonable price and, in some circumstances, it may be difficult to sell it at any price. Investors should be aware of the risks associated with an investment in a business in the early stages of development. Investors should consider carefully whether an investment in the Company is suitable for them, in the light of the matters referred to in this Placing Document, their personal circumstances and the financial resources available to them. In addition to the information set out in this document, the

following risk factors should be considered carefully in evaluating whether to make an investment in the Company. The following factors do not purport to be an exhaustive list or explanation of all the risk factors involved in investing in the Company and they are not set out in any order of priority. There may be additional risks of which the Directors are not aware.

## MANAGEMENT AND EMPLOYEES

The future performance of the Company will depend on its ability to retain the services and personal connections or contacts of key executives and to recruit, motivate and retain suitably skilled, qualified and industry experienced personnel. Although certain key executives have entered into service agreements with the Company, the loss of the services of any such individual may have an adverse material effect on the business, operations, revenues, customer relationships and/or prospects of the Company.

## GENERAL ECONOMIC CLIMATE

The general economic climate is volatile and is affected by numerous factors which are beyond the Company's control and which may affect its operations, business and profitability. These factors include the supply and demand of capital, growth in gross domestic product, employment trends and industrial disruption, international economic trends, currency exchange rate fluctuations, the level of interest rates and the rate of inflation, global or regional political events and international events, as well as a

range of other market forces, all of which have an impact on demand, business costs and stock market prices.

## THE COMPANY'S OBJECTIVES MAY NOT BE FULFILLED

The ability of the Board to implement the Company's strategy could be adversely affected by changes in the economy and/or sector in which it operates. Although the Company has a clearly defined strategy and the Board is optimistic about its prospects, there can be no guarantee that its objectives or any of them will be achieved on a timely basis or at all. The Company's ability to attract new business is also dependent on the maintenance of its reputation.

## COMPETITION

Larger companies, in particular, may have access to greater financial resources and technical facilities than the Company, which may give them a competitive advantage. In addition, the Company cannot predict the pricing or promotional activities of its competitors or their effect on its ability to market and sell its services. In order to ensure that its services remain competitive, the Company may be required to reduce its prices as a result of price reductions by its competitors. This could adversely affect the Company's results. Potential competitors may establish co-operative relationships between themselves or with third parties to enhance their services. Accordingly, it is possible that new competitors or alliances among competitors and other sources of loan capital may emerge and rapidly acquire

significant market share. There is no assurance that the Company will be able to compete successfully in such a marketplace.

## FUTURE PAYMENT OF DIVIDENDS

There can be no assurance as to the level of future dividends or interest payments on Loan Stock Units. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the directors and shareholders of the Company and will depend upon, *inter alia*, the Company's earnings, financial position, cash requirements and availability of profits as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time. The Company has no plans to pay a dividend in the immediate future.

## INTERNAL CONTROLS

Future growth and prospects for the Company will depend on its ability to manage the current business and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Company's growth could have a material adverse effect on the Company's business, financial condition and results of operations.

## LITIGATION

While the Company currently has no outstanding litigation, there can be no guarantee that the current or future actions of the Company will not result in litigation. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company's financial position or results of operations.

## FORWARD-LOOKING STATEMENTS

This document contains forward looking statements that involve risks and uncertainties. All statements, other than statements of historical facts, contained in this document, including statements regarding the Company's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements. Generally, the forward-looking statements in this document use words like "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and similar terms. The Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company which are described in this Placing Document. Investors are urged to read this entire Document carefully before making an investment decision. The forward-looking statements in this document are based on the relevant Directors' beliefs and

assumptions and information only as of the date of this Document, and the forward-looking events discussed in this document might not occur. Therefore, investors should not place any reliance on any forward-looking statements. Except as required by law or regulation, the Directors undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future earnings or otherwise.

## RAISING WORKING CAPITAL TO FUND DEVELOPMENT AND CONSEQUENCES OF DOING SO

It is possible that the Company will need to raise further funds in the future. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Placing Price, or at a different price. Shareholders may be materially diluted by any further issue of Ordinary Shares by the Company.

If any of the risks referred to herein crystallise, the Company's business, financial condition, results or future operations could be materially adversely affected. In such case, the value or price of its shares could decline and investors may lose all or part of their investment. The investment detailed in this document may not be suitable for all of its recipients and involves a high degree of risk. Before making an investment decision, prospective investors are advised to consult a professional adviser authorised under the Financial Services and Markets Act 2000 who specialises

in advising on investments of the kind described in this document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

## MARKET FOR SHARES/UNITS

There is at present no listing or admission to deal on any recognised investment exchange for any shares in the Company and no application has been made or is currently in contemplation for any such listing or admission. There is, accordingly, no active market for the Placing Shares or Loan Stock Units.

Unquoted shares may be difficult to sell/realise and there can be no certainty that market makers will be prepared to deal in them.

All Placement Shares or Loan Stock Units will bear the following legend: THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO SALE OR DISPOSITION MAY BE AFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SAID ACT OR AN AFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER SATISFACTORILY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO-ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION.

## IMPORTANT INFORMATION

There is at present no listing or admission to deal on any recognised investment exchange for any shares in the Company and no application has been made or is currently in contemplation for any such listing or admission. There is, accordingly, no active market for the Placing Shares or Loan Stock Units.

Unquoted shares may be difficult to sell/realise and there can be no certainty that market makers will be prepared to deal in them.



# IMPORTANT INFORMATION

## DISCLAIMER

No information contained herein or subsequently communicated to any person in connection with Bar Works Inc. or any investment herein may be taken as constituting the giving of any form of recommendation, legal or other advice or the giving of investment advice and no such person should expect Bar Works Inc. and/or the Directors of Bar Works Inc. to owe to him/her any duties or responsibilities. Any recipient should take their own legal, taxation, financial or other appropriate advice from suitably qualified advisers.

No person is authorised in connection with any offer made hereby to give any information or to make any representation other than as contained in this Placing Document and, if given or made, such information or representation must not be relied upon as having been authorised by the Company.

## RISK FACTORS

Investors should be aware of the high risks associated with an investment in the Company. The specific factors set out in this Placing Document, in addition to all other information in the Placing Document, should be considered carefully in evaluating whether to make an investment in the Company.

The Directors of the Company believe the risks set out in this Placing Document to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements. If any of the risks set out in this Placing Document were to materialise,

the Company's business, financial conditions, results or future operations could be materially adversely affected. In such cases, the market price or value of the Company could decline and an investor may lose part or all of his investment. The Directors believe they have recognised the opportunity for the profitable growth of the Company. They consider the risks set out in this Placing Document to be the most significant for potential investors. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial may also have an adverse effect upon the Company

## CONFIDENTIALITY

The information contained in this document is confidential. By accepting this document, the recipient agrees not to use or disclose the information contained in this document or any other information made available by the Company for any purpose.

